Nova Scotia
The Nova Scotia
Liquor Commission
FIFTY-SEVENTH
ANNUAL
REPORT
APRIL 1, 1986
TO
MARCH 31, 1987

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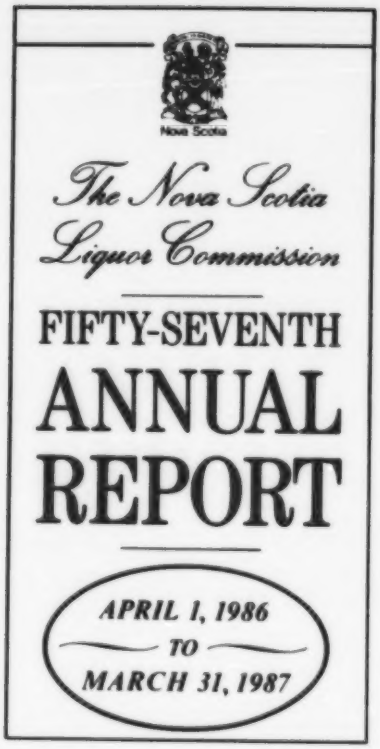

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To His Honour
The Honourable Alan R. Abraham
Lieutenant Governor of Nova Scotia

May it Please Your Honour:

I have the honour to submit herewith a Report of the Nova Scotia Liquor Commission for the fiscal year ended March 31, 1987.

I have the honour to be,

Sir,

Your most obedient servant,

George Moody

George Moody
Minister in Charge of Administration
of the Liquor Control Act

Nova Scotia

Liquor Commission

Peter J. MacKeigan
Chief Commissioner

93 Chain Lake Drive
Bayers Lake Industrial Park
Halifax, Nova Scotia

PO Box 8720
Postal Station "A"
Halifax, Nova Scotia
B3K 5M4

902 454-5841
Telex 019-22721

August 25, 1987

Honourable George Moody
Minister in Charge of Administration
of the Liquor Control Act
1 Government Place, 4th Floor
1700 Granville Street
Halifax, Nova Scotia
B3J 2Y3

Dear Sir:

I have the honour to submit herewith the Annual Report of the Nova Scotia Liquor Commission for the period from April 1, 1986 to March 31, 1987.

I appreciate the opportunity of having served as the Chief Commissioner in the last fiscal year, and I look forward to the continuing challenge in the year ahead.

Sincerely yours,

Peter J. MacKeigan
Chief Commissioner

Nova Scotia

Liquor Commission

General Manager
& Chief Executive Officer

93 Chain Lake Drive
Bayers Lake Industrial Park
Halifax, Nova Scotia

P.O. Box 8720
Postal Station "A"
Halifax, Nova Scotia
B3K 5M4

902 454-5841
Telex 019-22721

November 3, 1987

Mr. Peter J. MacKeigan
Chief Commissioner
Nova Scotia Liquor Commission
P.O. Box 8720, Station A
Halifax, Nova Scotia
B3K 5M4

Dear Sir:

I take pleasure in providing the 57th Annual Report of the Nova Scotia Liquor Commission covering the fiscal year ended March 31, 1987.

During the year, sales through Commission retail stores amounted to $298,353,456.00, an increase of 4.2% over the previous year. Sales to Licensees increased 5.7%.

Net profit paid to the Minister of Finance increased 1.2% from $82,453,299.00 in the fiscal year 1986 to $83,454,000 in the 1987 fiscal year.

In January the Commission relocated to its new Distribution Centre at the Bayers Lake Industrial Park. Distribution facilities have now been consolidated and we have improved service to Licensees. In addition, new self-service retail stores were opened in Tatamagouche, Rockingham Ridge, Halifax and Burnside, Dartmouth.

As an added convenience the Commission commenced its chilled beer program with refrigeration equipment being placed initially in two stores, Tatamagouche and Rockingham Ridge; other stores are proposed for the next fiscal year.

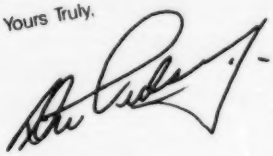
During the year, 30 Commission employees retired and 18 received Twenty-Five Year Service Awards. The valuable contribution made by these and all Commission employees through the year is gratefully acknowledged.

The Commission also wishes to acknowledge the valuable assistance of other Departments, Agencies, Boards, and Law Enforcement Agencies which have cooperated fully with the Commission.

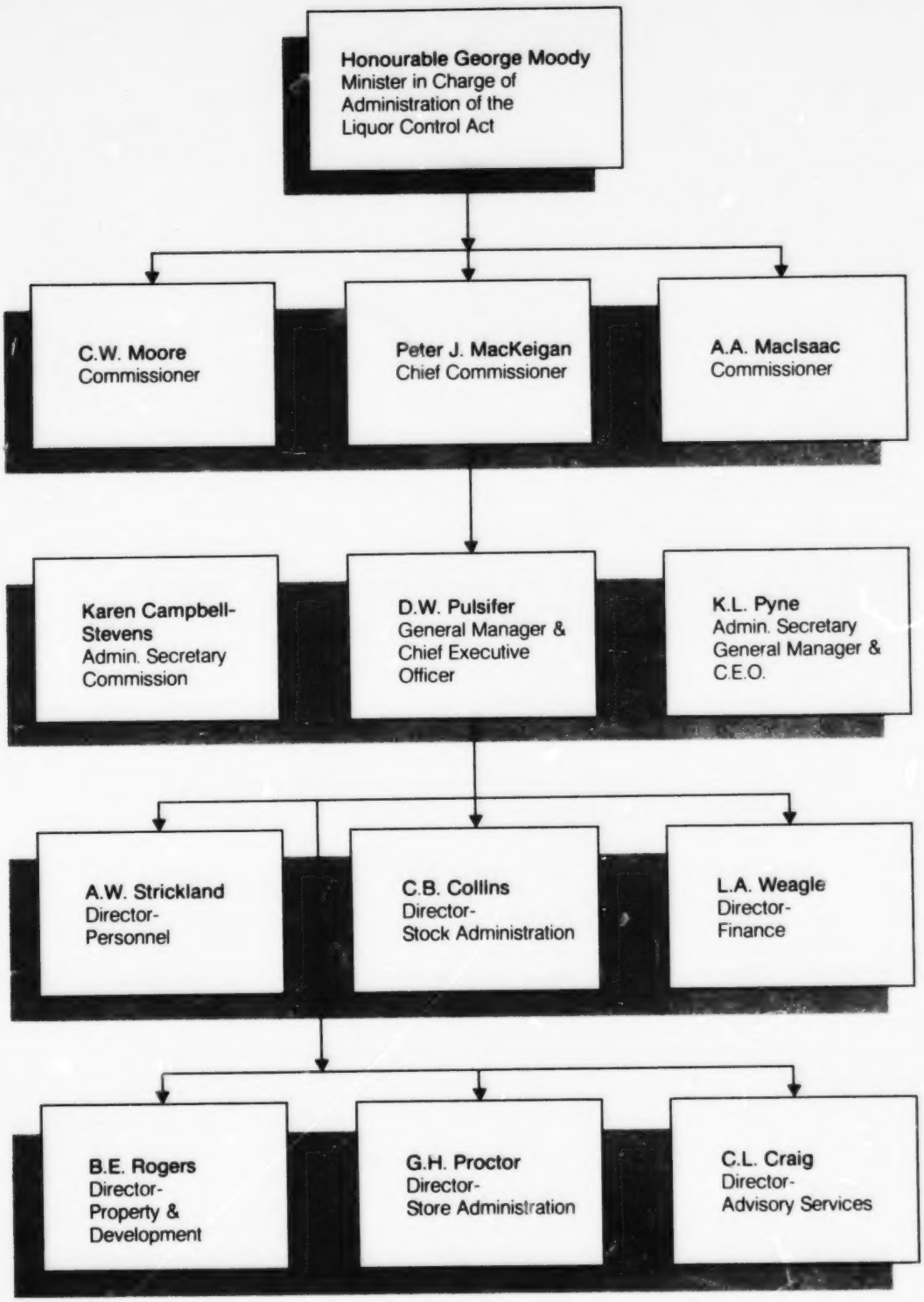
The operational highlights, including the Audit Report and the Commission's Financial Statement for the year with appropriate comparisons is provided in the balance of the report.

It has been my pleasure to serve as General Manager & Chief Executive Officer for the past year. On behalf of staff, I wish to thank you and the Commissioners for your support and guidance.

Yours Truly,



D.W. Pulsifer


Honourable George Moody
Minister in Charge of Administration of the Liquor Control Act
C.W. Moore
Commissioner
Peter J. MacKeigan
Chief Commissioner
A.A. MacIsaac
Commissioner
Karen Campbell-Stevens
Admin. Secretary
Commission
D.W. Pulsifer
General Manager & Chief Executive Officer
K.L. Pyne
Admin. Secretary
General Manager & C.E.O.
A.W. Strickland
Director-
Personnel
C.B. Collins
Director-
Stock Administration
L.A. Weagle
Director-
Finance
B.E. Rogers
Director-
Property & Development
G.H. Proctor
Director-
Store Administration
C.L. Craig
Director-
Advisory Services

LIQUEURS

HERE'S TO YOUR HEALTH!

In centuries past, when the monks in the abbeys and monasteries of Europe began producing liqueurs for medicinal purposes, they probably never dreamed that one day the fruits of their labor would be used for a "monkey's lunch". Such is the case, and part of the enchanting story of the liqueur.

A monkey's lunch is a form of a shooter, appropriately named for its distinct banana flavor. The shooter is a drink made mostly with liqueurs that has become a favorite of many, and part of a growing trend.

The shooter, or pousse cafe as it was originally known, is simply a layering of three or four liqueurs in a small glass according to weight and color. Beginning with the heaviest, and ending with the lightest, the result is a colorful blend of taste sensations. Though today liqueurs have made it into the trendiest bars, and have appeared at the most auspicious occasions as an after-dinner drink, its origins are somewhat humbler.

They probably never dreamed that the fruits of their labour would be used for a 'monkee's lunch'.

One record shows that as early as 800 BC, the Chinese were distilling a drink from rice. Around 460 BC, Hippocrates, the Father of Medicine, is said to have dabbled in the art of distillation and the blending of herbs and aromatic plants.

However, it was a 13th

LIQUEURS

Century alchemist who is credited with the first written mention of a spirit distilled from wine. Arnold Villa Nova was so happy with his discovery, he called the potion aqua vitae, or the water of life. It was also the forerunner of the liqueur as we know it today.

Through the ages liqueurs were credited with many lifesaving powers, particularly during times of plague and disease. In the Middle Ages, liqueurs, or cordials as they are also known, were often prescribed for those with a weak heart. As recently as 1847, Francois Vincent Raspail invented a liqueur that he claimed would destroy the parasites of human sickness. That's probably not the only reason why people enjoyed his invention, but it could explain why today we still drink to one's health.

The early liqueurs did taste like medicine. However, they improved with age. In fact, they improved so much that liqueurs began to be produced for the sheer enjoyment of the drink, while the medicinal benefits took a back seat.

Perhaps the most famous producers of liqueurs were the monks of Europe, who found a number of useful purposes for their elixir. The oldest known liqueur dates back to 1510. It was invented by Don Bernardo Vincelli of the abbey in Fecamp located in Normandy, France. This liqueur was not only used to fight off malaria but was also given to weary monks to lift their spirits, so to speak.

Raspail claimed that his liqueur would destroy the parasites of human sickness.

It was so popular that King Francis I of France visited the abbey in 1534 to investigate the liqueur that was named for the glory of God.

When the abbey was destroyed during the French Revolution, the recipe for the liqueur was almost lost forever. Luckily, an enterprising individual saved it and passed the recipe along to a local wine merchant. Monsieur Alexandre le Grand began producing the liqueur commercially at that time. He must have done something right because the liqueur is still being produced today. And, every label bears the motto of the monastery where it enjoyed its humble beginnings.

Another of the more popular

LIQUEURS

liqueurs has a past with a distinctly Highland heritage. The recipe for this Scotch whiskey liqueur was given to the Mackinnon of Strathaird by Bonnie Prince Charlie of Scotland. Mackinnon had given the Prince shelter during the unsuccessful rebellion of 1745. As a gesture of thanks, the Prince gave Mackinnon the secret recipe. Today, the formula is still protected by the Mackinnon family who have never stopped producing it.

Some religious orders of Europe are still producing liqueurs today in spite of some rather ambitious intentions of governments of yesteryear. Around the turn of the century, as anti-religious feelings grew, the French government decided to try its hand at making liqueurs. The government took over the business from some local monks and started a new company. Subsequently, the monks moved to Spain to continue production on their own.

Unsure of the secret components of the liqueur, the government failed to duplicate the taste. As a result, the newly founded company went broke. Local businessmen, realizing the value of the liqueur, bought the almost worthless stock and sent it to Spain. They then invited the Fathers (along with their secret formula) to return to France to continue making the real thing. Today, the liqueur is still being produced by the Charterhouse Fathers in France and Spain.

The recipe for scotch whisky liqueur was given to the Mackinnon of Strathaird by Bonnie Prince Charlie.

Each country has its own special liqueur and special recipes. Many of these secret formulas have survived since medieval times. In most cases, the actual recipes have never been written but have been handed down through generations by word of mouth.

Although it is not known exactly what constitutes the recipe of a liqueur, the actual process of how to make one is basically understood.

A liqueur is simply a spirit that has been sweetened and flavored. It can be a spirit of any kind as long as it's pure. Brandy spirits are often used in French liqueurs, whiskey spirits in Scottish versions, and rum is most often used in West Indian brands.

The spirit can be sweetened

LIQUEURS

with honey or various forms of sugar. But the real essence of the liqueur is made from a wide assortment of flavoring agents, or essential oils. These oils are extracted from a variety of natural compounds but usually come from three main groups: herbs, plants and seeds, and fruits. One popular liqueur has 130 different flavoring agents, including mint leaves, wildflowers, roses, nutmeg, hazelnuts, and almonds. The choice of the flavoring agent helps to determine just how the liqueur will be made.

Liqueurs can be made in several ways. One process is called maceration, which involves soaking the raw material or flavoring agent in alcohol or water to extract the flavor. This can take as long as one year, or as little as twenty-four hours. When aromatic plants like roses are involved, only this method can be used, otherwise the flavor, color and fragrance could be destroyed by heating.

Another method is percolation, really an accelerated version of the first process. The only difference is a hot spirit or alcohol is used to continously extract the flavor from the raw material.

A third process used is distillation. It is simply the extraction of alcohol, or other volatile substances, from a liquid by applying heat. The heat can be applied either through evaporation or condensation. The result can be sold as a spirit, can be used to flavor other mixtures or can be sweetened and colored as a liqueur.

The various ingredients need time to blend together to form that single, smooth taste.

The finishing touches when producing liqueurs are known as compounding. The compounder must know exactly how to mix materials and just how much to use in the mixing. Since no two compounding operations are alike, the skill of the individual is of utmost importance.

To create the essence and magic of a liqueur, the various ingredients need time to blend together to form that single, smooth taste. Otherwise, the palate will find a mixture of many flavors, lacking harmony and balance.

The liqueur is then brought to the required alcoholic strength and is colored if necessary. It is

LIQUEURS

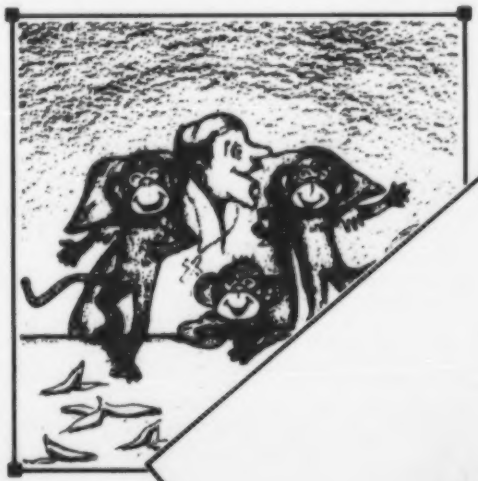
filtered to remove any suspended or unwanted particles, bottled, and shipped worldwide.

Although liqueurs do have long years of tradition behind them, new liqueurs are also being invented. It is ironic that the newest ones are also becoming the most popular. In fact, they are breathing new life into the spirits industry.

As people have become more and more health conscious, their tastes have leaned toward the lighter side. In the seventies, it was towards "light goods" such as gin, vodka, and rum. Today, consumers lean towards the lighter cream liqueurs, and especially flavored schnapps.

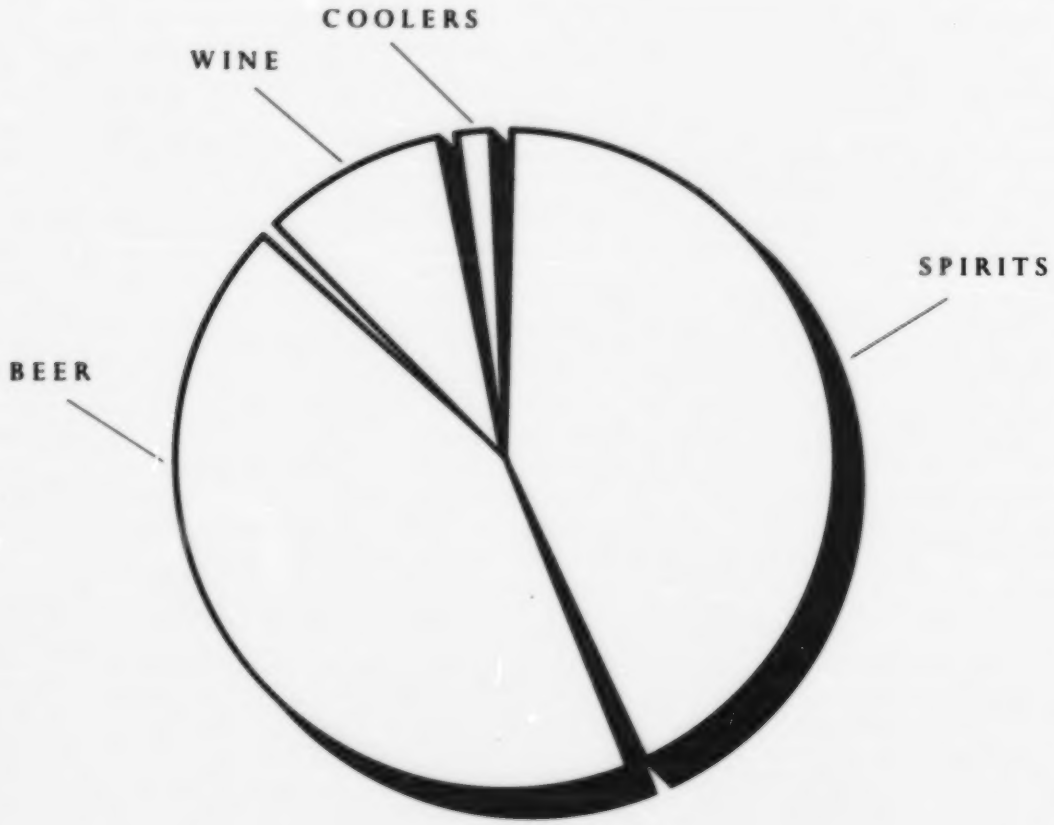
Since it was introduced in 1984, peach flavored schnapps has done remarkably well, and has garnered a very healthy market share. In fact, of the six brands of peach schnapps available in Nova Scotia, every brand is up in sales for this year. Three different brands of peach schnapps are the third, fourth and fifth largest selling liqueurs in the province. It has become part of a trend, and has won some very loyal fans, spawning drinks like the "fuzzy navel". Now, along with the traditional peppermint schnapps and the popular peach, there are cola, strawberry, orange and root beer flavored schnapps.

Through the years, liqueurs have lifted the spirits of tired monks and helped to fight off sickness and disease. Today, liqueurs are lifting the spirits of the industry, which in years to come will add yet another interesting chapter in the story of the liqueur.



SOURCE OF GROSS LIQUOR REVENUE

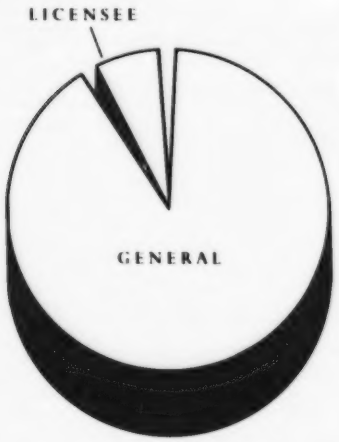
Dollars to the nearest 000's



	$	%
SPIRITS	121,691.1	40.8
WINE	31,268.2	10.5
BEER	141,256.9	47.3
COOLERS	4,185.8	1.4
TOTAL	$298,402.0	100.0%

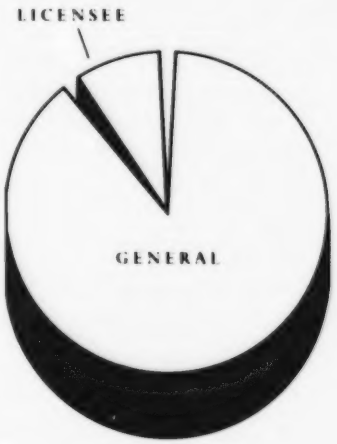
GENERAL/LICENSEE SALES

Dollars to the nearest 000's



SPIRITS

GENERAL	$108,541.3	89.2%
LICENSEE	$13,149.8	10.8%
TOTAL	$121,691.1	100.0%



WINE

GENERAL	$26,065.1	84.7%
LICENSEE	$4,723.7	15.3%
TOTAL	$30,788.8	100.0%

BEER

GENERAL	$105,245.8	74.6%
LICENSEE	$35,759.0	25.4%
TOTAL	$141,004.8	100.0%

COOLERS

GENERAL	$3,528.7	84.3%
LICENSEE	$657.1	15.7%
TOTAL	$4,185.8	100.0%

GENERAL/LICENSEE SALES

Dollars to the nearest 000's

TOTAL		
GENERAL	$243,380.9	81.8%
LICENSEE	$54,289.6	18.2%
	$297,670.5	100.0%
PRODUCER	$731.5	
TOTAL SALES	$298,402.0	

CANADIAN AND IMPORTED SALES

Dollars to the nearest 000's

SPIRITS

CANADIAN	$107,731.8	88.5%
IMPORTED	$13,959.3	11.5%
TOTAL	$121,691.1	100.0%

WINE

CANADIAN	$18,591.7	59.5%
IMPORTED	$12,676.5	40.5%
TOTAL	$31,268.2	100.0%

BEER

CANADIAN	$139,944.6	99.1%
IMPORTED	$1,312.3	0.9%
TOTAL	$141,256.9	100.0%

COOLERS

CANADIAN	$4,185.8	100.0%

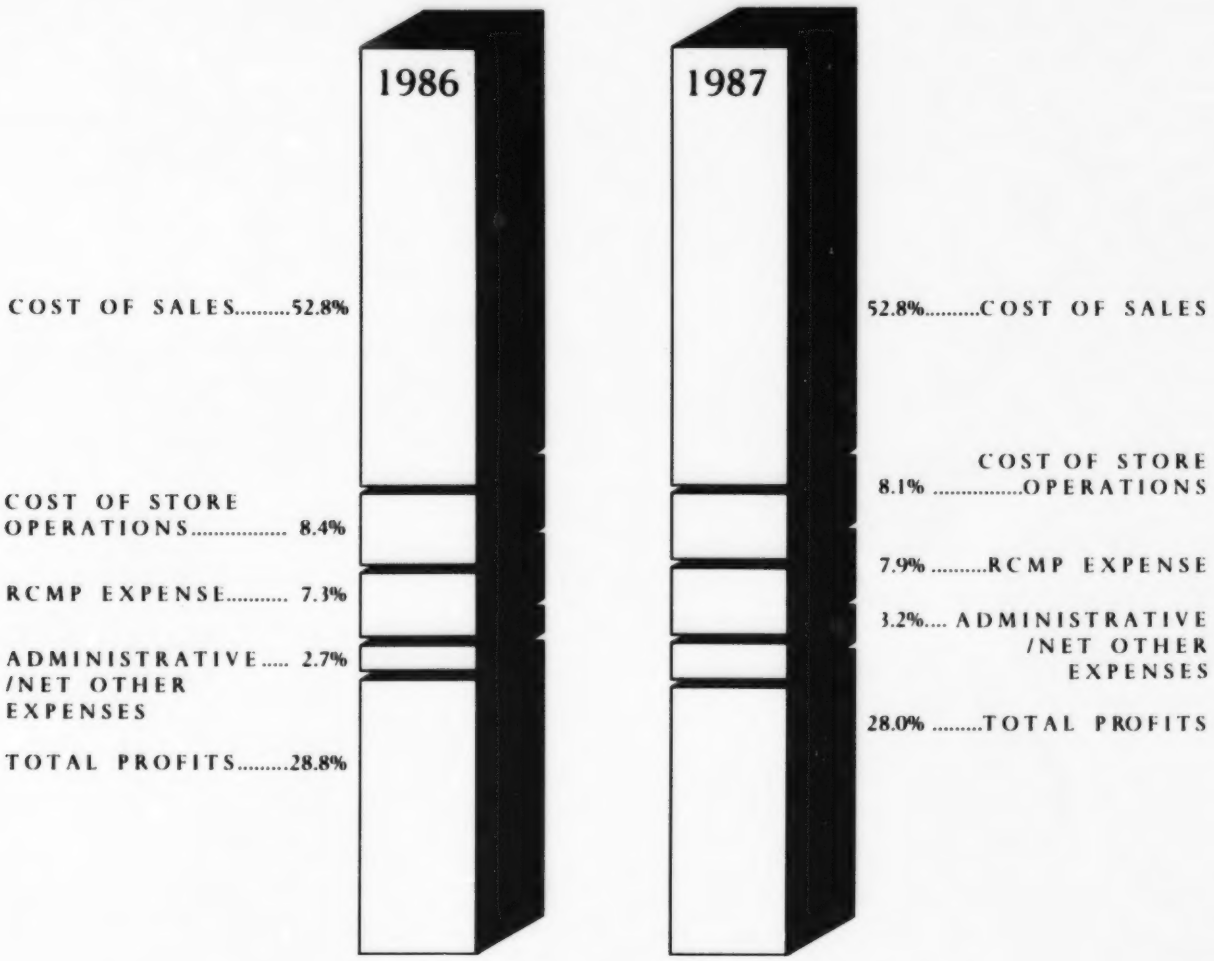
CANADIAN AND IMPORTED SALES

Dollars to the nearest 000's

TOTAL		
CANADIAN	$270,453.9	90.6%
IMPORTED	$27,948.1	9.4%
	$298,402.0	100.0%

DISTRIBUTION OF LIQUOR REVENUE DOLLARS

Two Year Comparison • Dollars to the nearest 000's



	1986	1987
COST OF SALES	$151,153.6 • 52.8%	$157,460.3 • 52.8%
COST OF STORE OPERATIONS	$24,201.3 • 8.4%	$24,080.2 • 8.1%
RCMP EXPENSE	$20,791.9 • 7.3%	$23,758.3 • 7.9%
ADMINISTRATIVE/NET OTHER EXPENSES	$7,761.6 • 2.7%	$9,600.6 • 3.2%
TOTAL PROFITS	$82,453.3 • 28.8%	$83,454.0 • 28.0%

FIVE YEAR SALES COMPARISON

Dollars to the nearest 000's

By Class of Sales

	86-87	85-86	84-85	83-84	82-83
SPIRITS	$121,691.1	$118,604.4	$115,706.7	$114,627.8	$109,336.5
WINE	$31,268.2	$30,610.2	$28,750.6	$26,659.4	$24,505.2
BEER	$141,256.9	$137,186.9	$129,609.2	$115,363.1	$105,669.3
COOLERS	$4,185.8				
TOTAL	$298,402.0	$286,401.5	$274,066.5	$256,650.3	$239,511.0

Canadian Vs. Imported

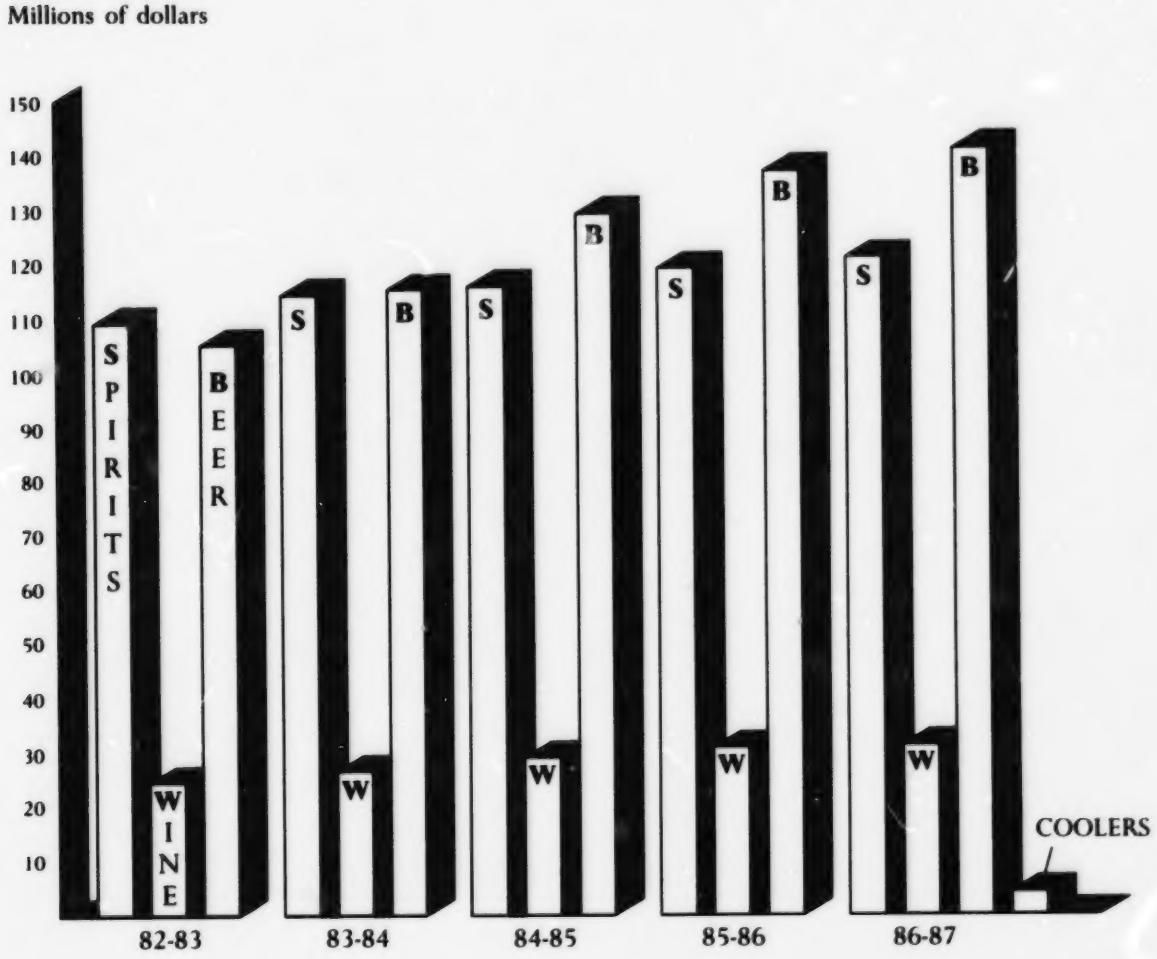
	86-87		85-86		84-85		83-84		82-83	
	CANADIAN	IMPORTED	CANADIAN	IMPORTED	CANADIAN	IMPORTED	CANADIAN	IMPORTED	CANADIAN	IMPORTED
SPIRITS	$107,731.8	$13,959.3	$105,254.9	$13,349.5	$103,031.5	$12,675.5	$102,532.7	$12,094.9	$98,337.9	$10,998.6
WINE	$18,591.7	$12,676.5	$17,127.8	$13,482.4	$15,973.6	$12,776.7	$14,799.3	$11,860.3	$13,638.0	$10,867.2
BEER	$139,944.6	$1,312.3	$136,051.2	$1,135.7	$128,563.4	$1,045.8	$114,213.3	$1,149.8	$104,740.3	$929.0
COOLERS	$4,185.8									
TOTAL	$270,453.9	$27,948.1	$258,433.9	$27,967.6	$247,568.5	$26,498.0	$231,545.3	$25,105.0	$216,716.2	$22,794.8

Licensee Sales

	86-87	85-86	84-85	83-84	82-83
SPIRITS	$13,149.8	$12,554.7	$11,943.0	$11,553.6	$10,605.6
WINE	$4,723.7	$4,803.9	$4,204.2	$3,748.2	$3,304.9
BEER	$35,759.0	$34,027.7	$33,159.6	$30,836.1	$26,910.2
COOLERS	$657.1				
TOTAL	$54,289.6	$51,386.3	$49,306.8	$46,137.9	$40,820.7

FIVE YEAR SALES COMPARISON

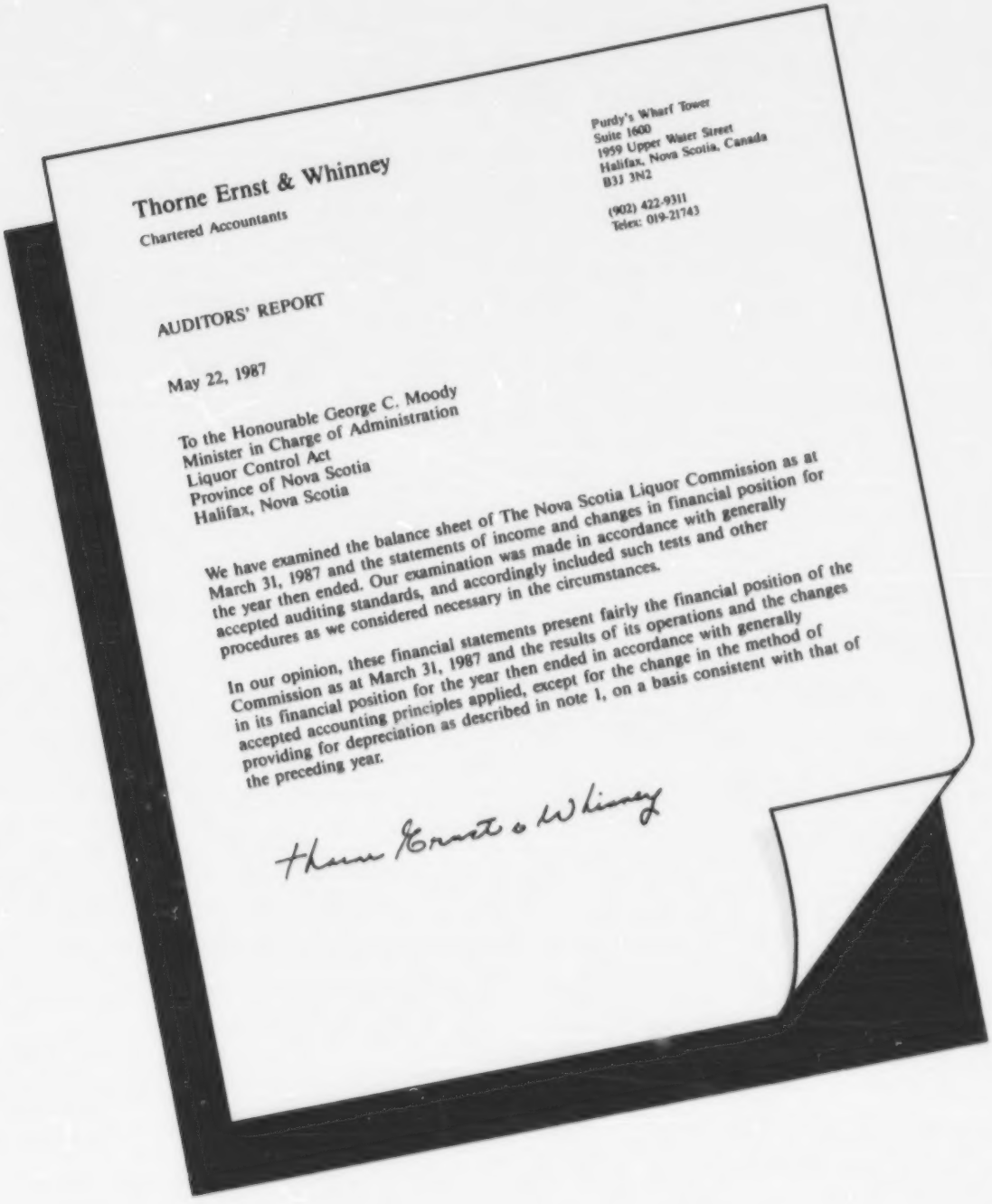
Dollars to the nearest 000's



FIVE YEAR SALES BY CATEGORY IN HECTOLITRES

Year Ended March 31, 1987

Category	1987 Hectolitres	% Category	% Total	1986 Hectolitres	% Category	% Total	1985 Hectolitres	% Category	% Total	1984 Hectolitres	% Category	% Total	1983 Hectolitres	% Category	% Total
BEER	622,141.3	100%	84.1%	643,002.5	100%	84.9%	646,969.9	100%	84.9%	619,653.8	100%	84.2%	609,188.0	100%	82.3%
SPIRITS															
Brandy	715.2	1.2%	0.1%	902.2	1.5%	0.1%	832.1	1.3%	0.1%	818.8	1.2%	0.1%	862.6	1.2%	0.1%
Vodka	6,848.5	11.7%	0.9%	7,103.2	11.7%	0.9%	7,151.9	11.6%	0.9%	7,522.6	11.9%	1.0%	8,009.7	11.3%	1.1%
Gin	2,016.4	3.5%	0.3%	2,237.9	3.7%	0.3%	2,373.8	3.8%	0.3%	2,532.1	3.9%	0.3%	2,622.8	3.7%	0.4%
Rum	28,910.0	49.5%	3.9%	29,150.9	47.9%	3.8%	29,265.7	47.3%	3.8%	31,004.6	47.2%	4.2%	33,600.7	47.5%	4.5%
Whiskey	16,484.1	28.2%	2.2%	18,166.5	29.9%	2.4%	19,020.9	30.8%	2.5%	20,783.6	31.7%	2.8%	22,711.7	32.1%	3.1%
Liqueurs	3,430.5	5.9%	0.5%	3,277.9	5.4%	0.4%	3,187.6	5.2%	0.4%	2,979.8	4.5%	0.4%	2,960.4	4.2%	0.4%
Total	58,404.9	100.0%	7.9%	60,838.6	100.0%	8.0%	61,832.0	100.0%	8.1%	65,641.5	100.0%	8.9%	70,767.9	100.0%	9.6%
WINES															
Vermouth	379.1	0.8%	0.1%	408.7	0.8%	0.1%	443.4%	0.8%	0.1%	476.5	0.9%	0.1%	497.9	1.0%	0.1%
Aperitif	837.2	1.7%	0.1%	647.1	1.2%	0.1%	427.7	0.8%	0.1%	489.5	1.0%	0.1%	539.4	1.1%	0.1%
Fruit	474.4	1.0%	0.1%	611.4	1.1%	0.1%	769.2	1.4%	0.1%	1,037.2	2.0%	0.1%	1,312.1	2.7%	0.2%
Cider	176.0	0.4%	0.0%	269.6	0.5%	0.0%	301.4	0.6%	0.0%	285.2	0.6%	0.0%	400.1	0.8%	0.1%
Communion	6.2	0.0%	0.0%	7.4	0.0%	0.0%	8.8	0.0%	0.0%	8.2	0.0%	0.0%	8.5	0.0%	0.0%
Kosher	37.6	0.1%	0.0%	39.4	0.1%	0.0%	49.1	0.1%	0.0%	44.4	0.1%	0.0%	71.0	0.2%	0.0%
Sherry	7,058.8	14.5%	1.0%	7,795.6	14.5%	1.0%	8,071.0	15.1%	1.1%	7,763.6	15.3%	1.1%	7,321.1	15.1%	1.0%
Madeira	2.1	0.0%	0.0%	2.1	0.0%	0.0%	1.9	0.0%	0.0%	3.0	0.0%	0.0%	1.0	0.0%	0.0%
Port	2,623.5	5.4%	0.4%	2,722.1	5.1%	0.4%	2,804.8	5.3%	0.4%	2,507.4	4.9%	0.3%	2,444.7	5.0%	0.3%
Table White	23,352.3	47.9%	3.2%	25,413.4	47.4%	3.4%	23,957.7	44.8%	3.1%	21,386.5	42.2%	2.9%	18,367.0	37.8%	2.5%
Table Red	5,541.1	11.4%	0.7%	6,105.4	11.4%	0.8%	6,241.6	11.7%	0.8%	6,138.5	12.5%	0.9%	6,476.7	13.3%	0.9%
Table Rose	921.3	1.9%	0.1%	911.8	1.7%	0.1%	1,163.5	2.2%	0.2%	1,168.0	2.7%	0.2%	1,531.9	3.2%	0.2%
Sparkling	5,786.2	11.9%	0.8%	6,989.5	13.0%	0.9%	7,494.0	14.0%	1.0%	7,251.0	14.3%	1.0%	7,643.6	15.7%	1.0%
Champagne	1,527.9	3.1%	0.2%	1,696.6	3.2%	0.2%	1,685.5	3.2%	0.2%	1,724.1	3.4%	0.2%	1,922.4	4.0%	0.3%
Total Wine	48,725.7	100.0%	6.6%	53,620.1	100.0%	7.1%	53,419.6	100.0%	7.0%	50,683.1	100.0%	6.9%	48,539.4	100.0%	6.6%
COOLERS	10,611.7	100.0%	1.4%	0.1	100.0%	0.0%	0.0		0.0%	0.0		0.0%	0.0		0.0%
GRAND TOTAL	**739,885.6**	**100.0%**	**100.0%**	**757,461.5**	**100.0%**	**100.0%**	**762,221.5**	**100.0%**	**100.0%**	**735,978.6**	**100.0%**	**100.0%**	**728,495.3**	**100.0%**	**99.0%**



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AUDITORS' REPORT

May 22, 1987

To the Honourable George C. Moody
Minister in Charge of Administration
Liquor Control Act
Province of Nova Scotia
Halifax, Nova Scotia

We have examined the balance sheet of The Nova Scotia Liquor Commission as at March 31, 1987 and the statements of income and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, except for the change in the method of providing for depreciation as described in note 1, on a basis consistent with that of the preceding year.

Thorne Ernst & Whinney

BALANCE SHEET

as at March 31, 1987

ASSETS	1987	1986
CURRENT ASSETS		
Cash	$ 1,764,990	$ 4,353,769
Accounts receivable	584,493	478,611
Inventories of stock in warehouse and stores	13,512,376	13,100,855
Prepaid expenses	565,021	311,483
	16,426,800	18,244,718
PROPERTY, PLANT AND EQUIPMENT		
Furniture, fixtures and portable equipment	4,228,972	3,533,843
Other equipment	2,457,207	2,076,186
Land and buildings	9,377,171	9,163,481
Capital and leasehold improvements	9,688,622	7,990,635
	25,751,972	22,764,145
Less accumulated depreciation and amortization	19,087,713	18,442,383
	6,664,259	4,321,762
ASSETS UNDER CAPITAL LEASES	10,708,858	–
Less accumulated amortization	537,981	–
	10,170,877	–
	$33,262,016	$22,566,480

BALANCE SHEET

as at March 31, 1987

LIABILITIES AND MINISTER OF FINANCE	1987	1986
CURRENT LIABILITIES		
Accounts payable	$ 5,094,033	$ 6,927,466
Current obligations under capital leases (note 2)	238,570	–
	5,332,603	6,927,466
LONG-TERM LIABILITY		
Obligations under capital leases (note 2)	10,345,042	–
MINISTER OF FINANCE		
Balance at beginning of year	15,639,014	12,247,502
Remittances	15,640,869	12,247,502
	(1,855)	–
Current year		
Net income	83,454,000	82,453,299
Remittances	65,867,774	66,814,285
Balance at end of year	17,584,371	15,639,014
	$33,262,016	$22,566,480

OPERATING LEASES (note 5)

APPROVED

STATEMENT OF INCOME

Year Ended March 31, 1987

	1987	%	1986	%
Sales	$298,353,456	100.0	$286,361,746	100.0
Cost of goods sold	157,460,312	52.8	151,153,567	52.8
Gross profit	140,893,144	47.2	135,208,179	47.2
Stores' operating expenses(note 3)	24,080,247	8.1	24,201,344	8.4
Income, store operations	116,812,897	39.1	111,006,835	38.8
Administrative expenses (note 3)	10,900,337	3.6	8,918,090	3.1
Other revenue	(1,695,738)	(0.5)	(1,476,282)	(0.5)
Other expenses	396,042	0.1	319,800	0.1
	9,600,641	3.2	7,761,608	2.7
Income before the undernoted	107,212,256	35.9	103,245,227	36.1
Maintenance of Royal Canadian Mounted Police (note 4)	23,758,256	7.9	20,791,928	7.3
NET INCOME	$ 83,454,000	28.0	$ 82,453,299	28.8

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended March 31, 1987

	1987	1986
CASH PROVIDED BY (USED FOR):		
OPERATIONS		
Net income	$83,454,000	$82,453,299
Depreciation and amortization not involving cash	1,198,696	989,383
Change in non-cash working capital	(2,604,374)	(1,399,050)
	82,048,322	82,043,632
FINANCING		
Increase in obligations under capital lease	10,708,858	–
Payments for obligations under capital lease	(125,246)	–
	10,583,612	–
INVESTMENTS		
Additions to fixed assets (net)	(13,712,070)	(1,521,114)
OTHER		
Remittances to Minister of Finance	(81,508,643)	(79,061,787)
INCREASE (DECREASE) IN CASH	(2,588,779)	1,460,731
Cash at beginning of year	4,353,769	2,893,038
CASH AT END OF YEAR	$ 1,764,990	$ 4,353,769

GENERAL

The Commission is incorporated under the laws of the Province of Nova Scotia and administers the Liquor Control Act, Chapter 169 from the Revised Statutes of Nova Scotia, 1967.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventories

Inventories of stock in warehouse and stores are valued at the lower of cost and net realizable value. Customs and excise tax have not been included where payment is due upon shipment from bonded warehouse.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation and amortization are provided on the straight-line basis at the following annual rates:

Furniture, fixtures, portable equipment, other equipment and capital and leasehold improvements	10%
Land and buildings	5%

Land costs which normally would not be depreciated are written off due to the retention of proceeds by the Province of Nova Scotia.

Assets under capital lease are amortized over their estimated useful lives using the straight-line method.

1. CHANGE OF ACCOUNTING POLICY

Effective April 1, 1986 the Commission changed its accounting policy for providing for depreciation of furniture, fixtures, portable equipment, other equipment and capital and leasehold improvements. Previously depreciation was provided on these assets at the rate of 99% of cost in the year of acquisition. Under the new policy depreciation is recorded as outlined in the summary of significant accounting policies. The new policy has been adopted in the current fiscal period with no retroactive application.

The effect of the new policy on the 1987 figures is to reduce the charge for depreciation and accumulated depreciation included in the financial statements as follows:

Stores' operating expenses	$1,720,043
Administrative expenses	822,574
Total	$2,542,617

2. OBLIGATIONS UNDER CAPITAL LEASES

The Commission has obligations under capital leases, which mature in 1988 and 2011. The obligations represent the total present value of future minimum lease payments discounted at the rates implicit in the leases which are 10.6% and 13.8%. The following is a schedule by years of future minimum lease payments together with the balance of the obligations under capital leases as of March 31, 1987:

1988	$ 1,584,976
1989	1,536,446
1990	1,536,446
1991	1,536,446
1992	1,536,446
1993 - 2011	30,216,770
Total minimum lease payments	37,947,530
Less amount representing interest	27,363,918
Balance of obligation	10,583,612
Less amount included in current liabilities	238,570
Total	$10,345,042

3. EXPENSES

Amortization of leasehold improvements and depreciation expense is recorded in expenses as follows:

	1987	1986
Stores' operating expenses	$527,382	$868,189
Administrative expenses	133,333	121,194
Total	$660,715	$989,383

Administrative expenses also include the following:

Interest on obligations under capital leases	$330,422	$ —
Amortization of capital leases	$537,981	$ —

4. MAINTENANCE OF ROYAL CANADIAN MOUNTED POLICE

Payments are made for the maintenance of the Royal Canadian Mounted Police in accordance with the Liquor Control Act.

5. OPERATING LEASES

The Commission leases buildings, premises and equipment under operating leases which expire at various dates between 1987 and 2006. Some of these operating leases contain renewal options at the end of the initial lease term.

The following is an approximate schedule by years of future minimum rental payments required under operating leases that have initial lease terms in excess of one year, as of March 31, 1987:

1989	$ 2,140,117
1990	2,071,991
1991	1,988,645
1992	1,784,370
1993 to 2006	10,559,450
Total minimum payments required	$18,544,573

6. COMPARATIVE FIGURES

The 1986 comparative figures in the statement of changes in financial position have been reclassified to conform with the change in presentation from the working capital to the cash basis of presentation.

SALE OF ALCOHOLIC BEVERAGES BY VOLUME PER CAPITA

15 years and over • Litres per capita • 5 year comparison

	1982	1983	1984	1985	1986
SPIRITS					
Newfoundland	9.8	9.5	9.2	8.6	9.5
Prince Edward Island	10.4	10.0	9.1	8.9	8.4
Nova Scotia	11.0	10.6	9.7	9.0	8.8
New Brunswick	8.0	7.6	6.8	6.3	6.2
Québec	6.0	5.4	5.2	4.9	4.5
Ontario	10.7	10.1	9.3	9.0	8.6
Manitoba	12.5	11.6	10.1	9.8	10.0
Saskatchewan	11.6	11.8	11.0	10.1	10.1
Alberta	16.0	15.0	13.7	12.7	12.7
British Columbia	13.6	12.5	11.3	10.7	10.3
Yukon	22.3	20.5	18.2	16.8	15.8
Northwest Territories	17.6	17.5	16.1	16.1	15.7
Total	**10.3**	**9.7**	**8.9**	**8.5**	**8.2**
WINES					
Newfoundland	4.1	4.1	3.8	3.8	4.2
Prince Edward Island	5.1	5.2	5.8	5.4	5.8
Nova Scotia	6.8	7.3	7.5	7.8	7.7
New Brunswick	5.1	5.6	5.6	5.8	5.8
Québec	12.3	12.0	12.5	13.1	14.1
Ontario	11.1	11.6	11.4	11.8	11.7
Manitoba	9.1	9.1	8.5	8.6	9.0
Saskatchewan	6.6	6.8	6.6	6.8	7.1
Alberta	12.9	13.3	12.6	12.5	13.5
British Columbia	18.3	19.3	19.4	20.2	20.5
Yukon	21.1	23.8	21.2	20.7	21.0
Northwest Territories	8.3	8.6	8.6	9.3	8.5
Total	**11.7**	**11.9**	**12.0**	**12.4**	**12.7**
BEER					
Newfoundland	122.1	121.9	116.5	119.5	90.9
Prince Edward Island	89.9	96.4	92.3	93.8	91.5
Nova Scotia	94.0	91.6	91.6	94.1	92.6
New Brunswick	98.9	98.6	94.8	94.6	91.8
Québec	114.4	108.0	109.3	107.1	114.8
Ontario	111.1	110.0	109.9	106.6	110.1
Manitoba	98.9	98.6	103.0	106.2	97.3
Saskatchewan	88.1	84.9	87.2	88.8	84.5
Alberta	104.3	101.0	100.0	98.1	95.1
British Columbia	107.8	103.9	99.9	101.0	96.6
Yukon	187.4	187.8	182.8	185.8	184.9
Northwest Territories	109.6	111.2	118.9	121.8	121.2
Total	**108.9**	**105.8**	**105.6**	**104.1**	**104.6**
ALL ALCOHOLIC BEVERAGES					
Newfoundland	136.0	135.5	129.5	131.9	104.6
Prince Edward Island	105.4	111.6	107.2	108.1	105.7
Nova Scotia	111.8	109.5	108.8	110.9	109.1
New Brunswick	112.2	111.8	107.2	106.7	103.8
Québec	132.7	125.4	127.0	125.1	133.4
Ontario	132.9	131.7	130.6	127.4	130.4
Manitoba	120.5	119.3	121.6	124.6	116.3
Saskatchewan	106.3	103.5	104.8	105.7	101.7
Alberta	133.2	129.3	126.3	123.3	121.3
British Columbia	139.7	135.7	130.6	131.9	127.4
Yukon	230.8	232.1	222.2	223.3	221.7
Northwest Territories	135.5	137.3	143.6	147.2	145.5
Total	**130.9**	**127.4**	**126.5**	**125.0**	**125.7**

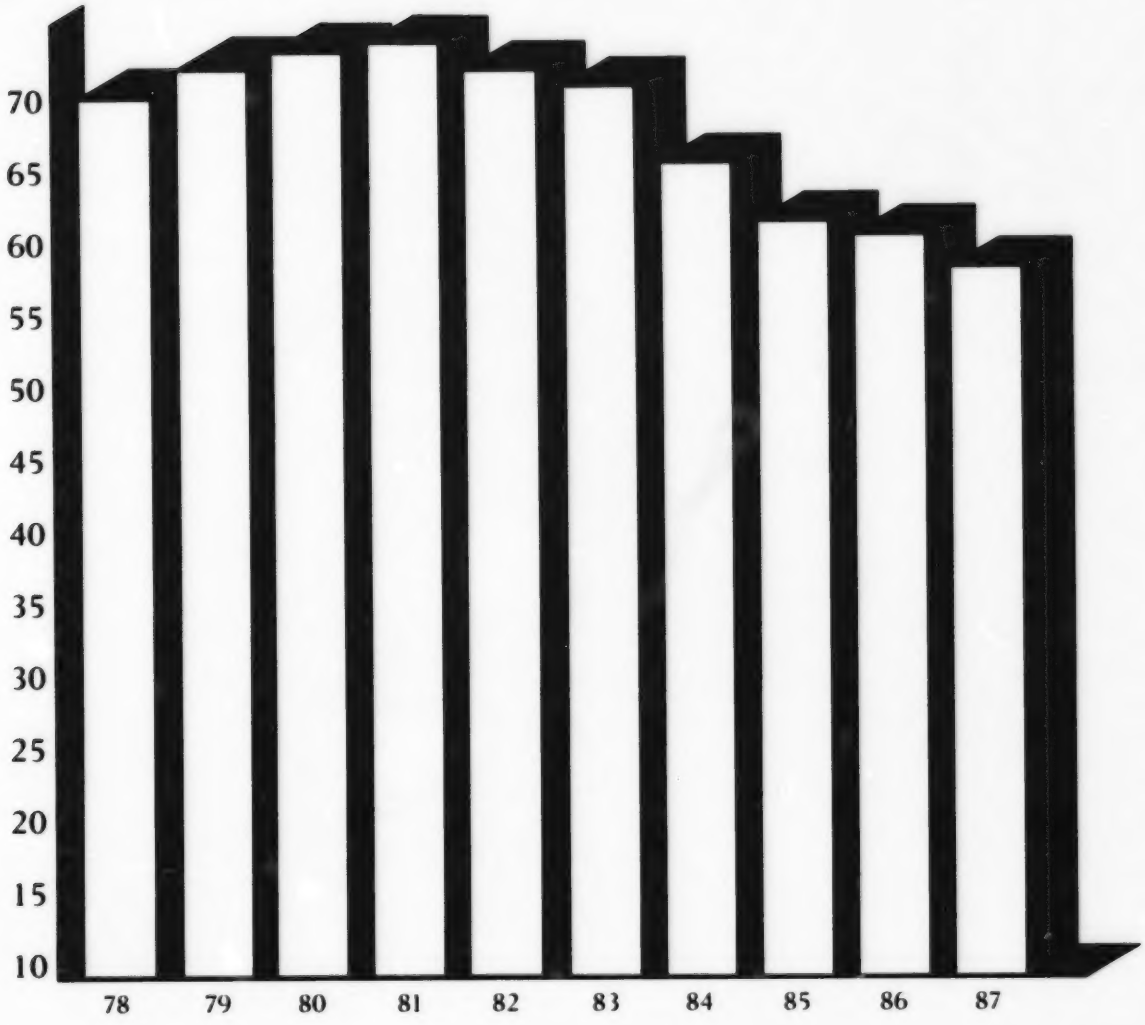
SALES IN HECTOLITRES

Five years • Approximate

	1986/87	%	1985/86	%	1984/85	%	1983/84	%	1982/83	%
SPIRITS										
CANADIAN	52,388.1		54,721.7		55,730.0		59,568.0		64,728.0	
IMPORTED	6,016.8		6,116.9		6,102.0		6,074.0		6,040.0	
TOTAL	58,404.9	7.9%	60,838.6	8.0%	61,832.0	8.1%	65,642.0	8.9%	70,768.0	9.7%
WINE										
CANADIAN	35,117.9		34,065.3		33,335.0		31,259.0		30,207.0	
IMPORTED	15,217.0		19,555.4		20,085.0		19,424.0		18,332.0	
TOTAL	50,334.9	6.8%	53,620.7	7.1%	53,420.0	7.0%	50,683.0	6.9%	48,539.0	6.7%
BEER										
CANADIAN	619,370.5		639,366.9		643,712.0		615,671.0		605,648.0	
IMPORTED	3,985.0		3,635.6		3,258.0		3,983.0		3,540.0	
TOTAL	623,355.5	83.9%	643,002.5	84.9%	646,970.0	84.9%	619,654.0	84.2%	609,188.0	83.6%
COOLERS										
CANADIAN	10,611.7	1.4%								
GRAND TOTAL	**742,707.0**	**100.0%**	**757,461.8**	**100.0%**	**762,222.0**	**100.0%**	**735,979.0**	**100.0%**	**728,495.0**	**100.0%**

SALES IN HECTOLITRES

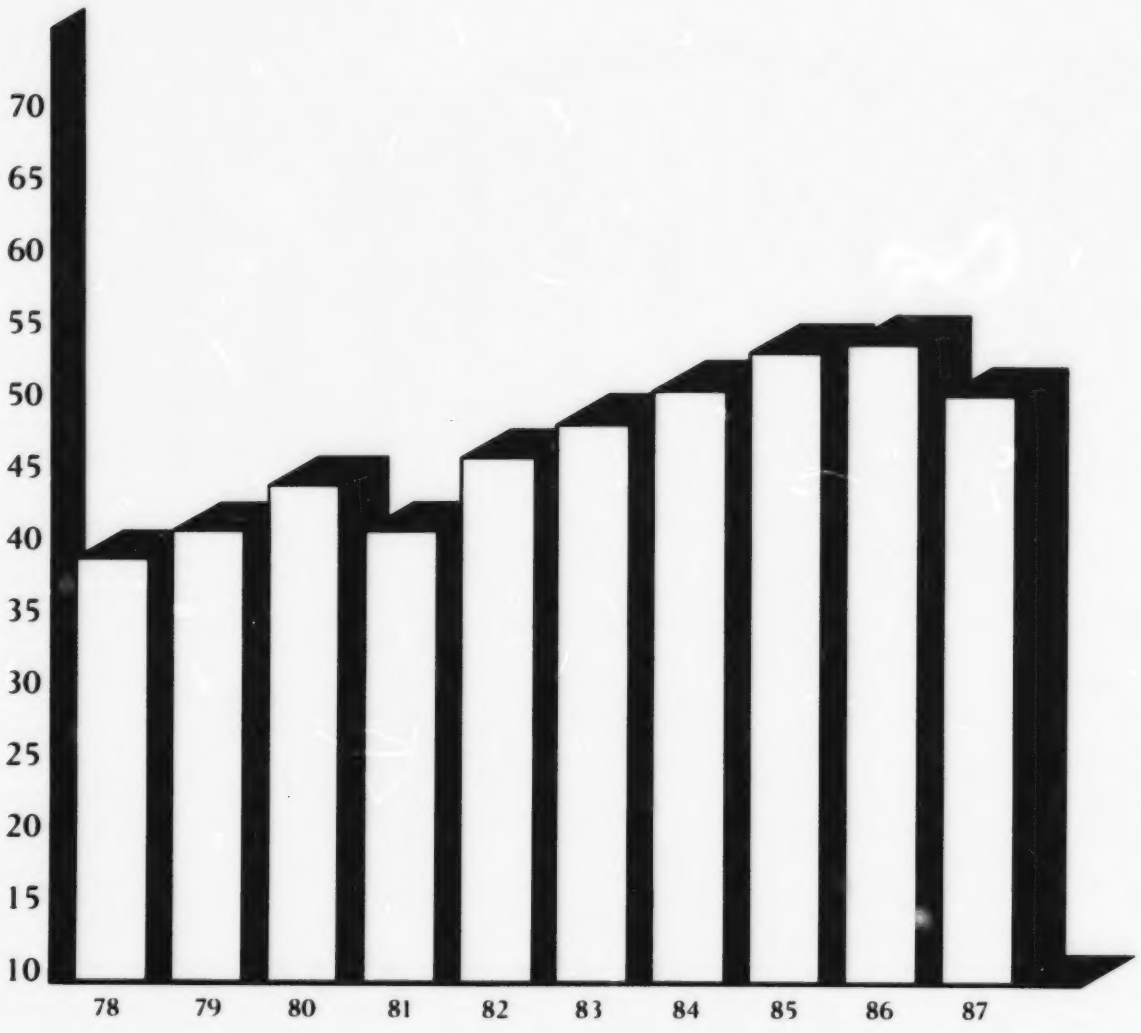
Ten Year Growth Pattern • Volume To The Nearest 000's



SPIRITS

SALES IN HECTOLITRES

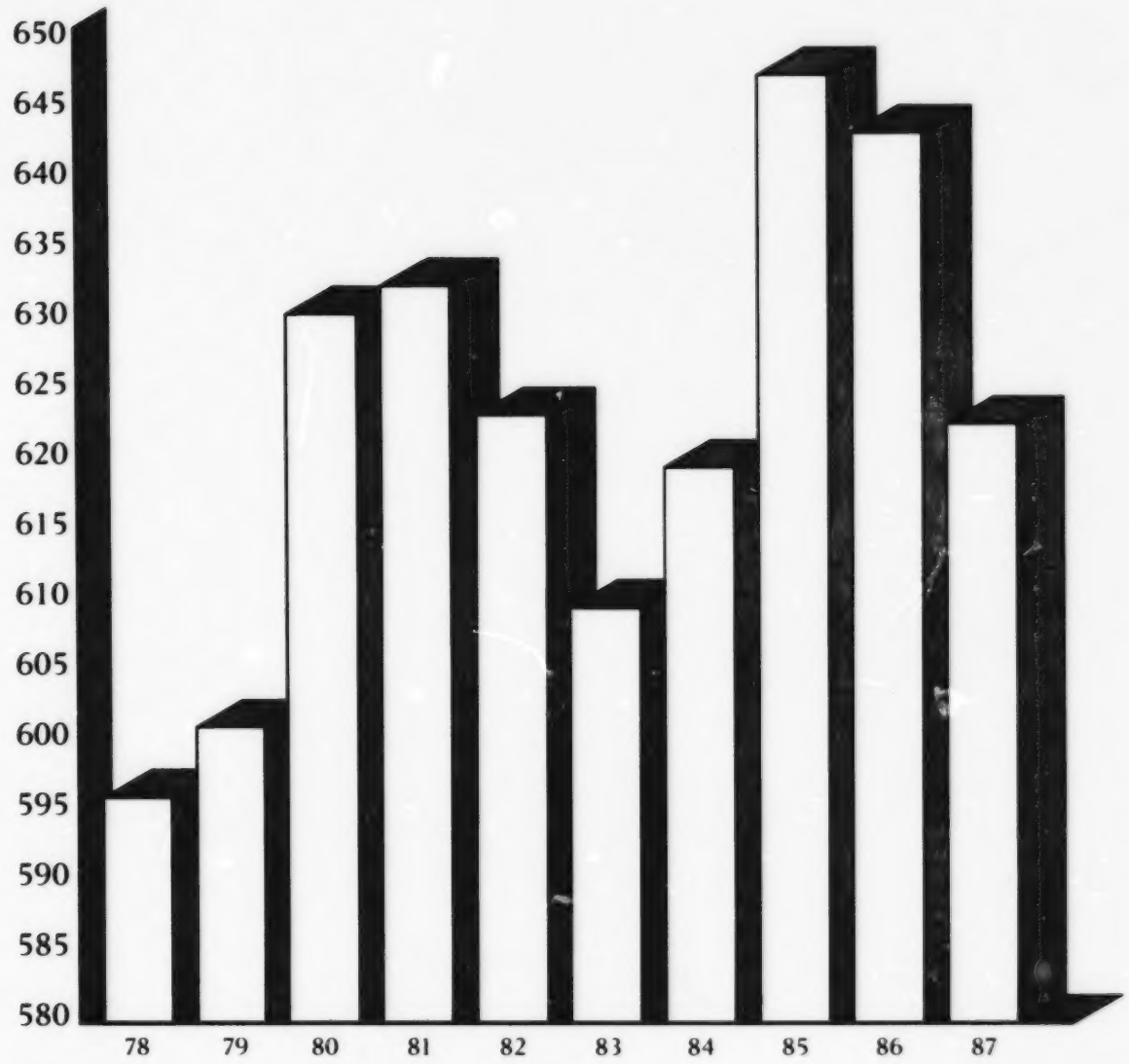
Ten Year Growth Pattern • Volume To The Nearest 000's



WINE

SALES IN HECTOLITRES

Ten Year Growth Pattern • Volume To The Nearest 000's



BEER

SALES BY STORES

Year Ended March 31, 1987

■ Self-service
● Bottle returns
▲ Specialty section
○ Cold beer

	Store No.	Location		Spirits	Wine	Beer	Coolers	Total
Region 1	104	Agricola Street	■ ● ▲	2,671,441.09	1,132,805.46	2,712,739.03	97,127.67	$6,634,113.25
Halifax	110	Bayers Road	■ ●	2,403,347.58	730,784.43	1,910,486.93	91,912.89	$5,136,531.83
	120	Clyde Street	■ ●	3,017,360.63	1,662,475.23	2,593,088.23	136,296.89	$7,409,220.98
	145	Halifax Shopping Centre	■ ●	3,936,997.59	1,517,265.22	3,583,143.46	201,012.74	$9,238,419.01
	151	Hollis Street	■ ●	1,119,223.94	416,773.68	715,366.20	23,437.86	$2,294,801.68
	155	Port of Wines	■	101,460.24	820,579.08	4,997.07	0.00	$927,036.39
	170	Rockingham Ridge	■ ● ○	167,599.41	68,343.28	176,310.16	4,064.35	$416,317.20
	180	Scotia Square	■ ●	1,381,697.61	512,154.78	523,066.79	41,857.54	$2,458,776.72
	185	Spryfield	■ ●	1,882,091.81	422,334.95	2,404,463.50	71,852.58	$4,780,742.84
	190	Strawberry Hill	■ ●	2,289,499.55	632,176.41	1,932,941.71	69,809.31	$4,924,426.98
	191	Halifax Licensee		5,687,079.60	3,178,334.14	12,414,531.59	239,008.90	$21,518,954.23
	TOTAL			**$24,677,799.05**	**$11,094,026.66**	**$28,991,134.67**	**$976,380.73**	**$65,739,341.11**
Region 2	201	Airport	■	478,538.36	87,638.38	300,906.54	8,758.50	$875,841.78
Dartmouth	202	Bedford Place	■ ●	3,559,624.39	1,055,580.79	4,319,397.54	175,142.71	$9,129,745.43
	209	Dart.-Bridge Plaza	■ ●	2,475,657.29	697,692.51	2,679,852.77	92,505.65	$5,945,708.22
	210	Dart.-Burnside	■	21,217.09	3,659.28	5,115.60	72.73	$30,064.70
	211	Dart.-Canal St.	■ ● ▲	2,049,472.37	713,915.04	1,881,816.84	79,329.83	$4,724,534.08
	212	Dart.-Licensee		1,315,667.26	408,070.73	4,632,844.74	82,835.48	$6,439,418.21
	219	Dart.-Westphal	■ ●	4,399,376.85	1,237,716.66	4,377,437.61	191,369.70	$10,205,900.82
	SUB-TOTAL			$10,261,390.86	$3,061,054.22	$13,577,067.56	$446,113.39	$27,345,626.03
	223	Elmsdale	■ ●	1,253,573.79	205,953.85	1,707,360.92	49,025.45	$3,215,914.01
	227	Forest Hills	■ ●	2,388,342.32	802,811.60	2,517,510.87	122,418.27	$5,831,083.06
	270	Porters Lake	■ ●	1,447,968.34	234,037.29	1,379,048.08	43,672.58	$3,104,726.29
	275	Sackville Town Centre	■ ●	2,013,360.08	438,906.99	2,417,456.88	89,576.73	$4,959,300.68
	280	Sheet Harbour	■ ●	543,912.35	80,351.34	594,124.75	12,517.44	$1,230,905.88
	285	Stewiacke	■ ●	837,713.18	117,516.07	1,019,728.08	25,968.85	$2,000,926.18
	TOTAL			**$22,784,423.67**	**$6,083,850.53**	**$27,852,601.22**	**$973,193.92**	**$57,694,069.34**
Region 3	303	Antigonish	■ ● ▲	3,552,885.95	589,729.13	3,427,484.61	59,674.30	$7,629,773.99
Eastern	307	Arichat	■ ●	721,030.84	106,621.93	660,239.11	6,828.53	$1,494,720.41
	312	Canso		457,535.43	58,562.32	658,950.89	8,654.44	$1,183,703.08
	317	Guysborough	■ ●	411,242.67	112,556.40	579,738.06	8,984.83	$1,112,521.96
	340	Mulgrave	■	321,182.61	68,920.96	458,097.12	3,836.22	$852,036.91
	345	New Glasgow	■ ● ▲	2,908,191.11	619,601.66	2,904,313.25	102,044.06	$6,534,150.08
	346	New Glasgow Lic		512,875.63	44,505.64	1,221,665.70	20,528.51	$1,799,573.48
	355	Port Hawkesbury	■ ●	2,047,223.05	345,758.72	1,930,086.29	37,227.38	$4,360,295.44
	360	Port Hood		547,239.37	69,165.32	496,617.82	4,104.84	$1,117,127.35
	370	Sherbrooke	■ ●	362,482.84	47,135.04	355,704.12	9,908.69	$775,230.69
	375	Stellarton	■	842,518.32	123,116.34	853,434.98	22,821.15	$1,841,890.79
	380	St. Peters	■ ●	574,583.24	117,285.74	876,485.37	12,099.55	$1,580,453.90
	387	Trenton	■	458,439.59	79,086.43	527,239.13	13,474.64	$1,078,239.79
	397	Westville	■ ●	582,361.65	96,498.60	809,848.48	18,253.55	$1,506,962.28
	TOTAL			**$14,299,790.30**	**$2,478,544.23**	**$15,759,904.93**	**$328,440.69**	**$32,866,680.15**
Region 4	408	Baddeck	■ ●	911,820.04	197,324.17	946,330.53	16,991.36	$2,072,466.10
Cape Breton	413	Cheticamp	■ ●	696,505.59	94,976.66	918,504.52	8,435.27	$1,718,422.04
	418	Dominion	■ ●	516,283.35	73,425.03	607,847.46	19,034.66	$1,216,590.50
	426	Glace Bay	■ ●	2,490,852.98	380,188.46	2,705,008.55	85,677.44	$5,661,727.43
	427	Glace Bay Licensee		458,937.43	7,862.85	1,276,374.45	14,055.15	$1,757,229.88
	431	Ingonish	■ ●	607,294.75	128,943.94	655,658.70	14,626.45	$1,406,523.84
	436	Inverness	■ ●	886,654.56	104,376.28	898,844.36	12,752.58	$1,902,627.78
	441	Louisbourg	■ ●	461,684.22	62,990.39	496,483.12	9,719.94	$1,030,877.67
	445	New Waterford	■ ●	1,269,430.20	174,897.89	2,278,791.97	43,384.07	$3,766,504.13
	451	North Sydney	■ ●	2,342,618.99	307,133.62	2,568,390.70	63,391.18	$5,281,534.49
	473	Sydney - Ashby	■ ●	1,394,915.25	194,431.89	984,456.62	31,287.84	$2,605,091.60
	474	Sydney - Licensee		1,200,464.36	235,468.56	3,072,242.38	65,477.28	$4,573,652.58
	479	Sydney	■ ●	3,368,976.60	572,147.38	2,823,387.82	90,465.61	$6,854,977.41
	483	Sydney - Whitney		532,411.82	60,319.43	614,697.83	10,294.21	$1,217,723.29
	SUBTOTAL			$6,496,768.03	$1,062,367.26	$7,494,784.65	$197,524.94	$15,251,444.88
	490	Sydney Mines	■ ●	1,131,514.12	152,156.13	1,794,090.66	29,250.66	$3,107,011.57
	496	Sydney River	■ ● ▲	2,986,104.80	993,704.10	2,186,225.14	70,731.85	$5,836,765.89
	TOTAL			**$21,256,469.06**	**$3,340,346.78**	**$24,827,334.81**	**$585,575.55**	**$50,009,726.20**

SALES BY STORES

continued

	Store No.	Location		Spirits	Wine	Beer	Coolers	Total
Region 5	502	Amherst	■ ●	1,690,907.21	181,863.86	2,448,348.53	48,917.60	$4,570,037.22
Northern	510	Bible Hill	■ ●	929,418.18	167,113.70	946,407.07	27,905.23	$2,070,844.18
	522	Joggins		115,325.26	16,833.37	236,225.53	3,222.49	$371,606.65
	538	Oxford	■ ●	425,501.52	59,658.49	465,953.81	12,881.55	$963,995.37
	543	Parrsboro	■ ●	488,543.62	80,516.38	694,680.70	20,759.05	$1,284,499.75
	548	Pictou	■ ●	1,156,543.33	219,432.70	1,233,987.31	29,021.40	$2,638,984.74
	553	Pugwash	●	353,446.38	46,398.35	428,322.40	8,151.76	$836,318.89
	558	River John	●	215,593.17	37,783.79	314,890.72	4,822.93	$573,090.81
	567	Springhill	■ ●	534,606.92	83,097.44	849,188.90	21,996.75	$1,488,890.01
	582	Tatamagouche	■ ● ○	392,120.24	80,268.19	563,646.16	11,243.21	$1,047,277.80
	592	Truro	■ ● ▲	3,992,211.60	810,046.23	3,856,752.63	164,530.71	$8,843,541.17
	593	Truro Licensee		585,693.24	127,773.64	1,412,482.54	39,813.36	$2,165,762.78
	TOTAL			**$10,879,910.89**	**$2,130,786.14**	**$13,450,886.30**	**$393,266.04**	**$26,854,849.37**
Region 6	602	Annapolis	■ ●	781,470.58	215,663.03	932,378.84	31,615.59	$1,961,128.04
Valley	611	Berwick	■ ●	822,575.46	141,754.60	1,063,776.77	32,773.98	$2,060,880.81
	615	Bridgetown	■ ●	439,617.02	90,608.05	489,514.29	15,382.41	$1,035,121.77
	620	Digby	■ ●	1,521,744.54	306,113.76	1,557,111.47	48,666.56	$3,433,636.33
	630	Hantsport	■ ●	354,610.45	60,730.68	367,858.87	10,183.70	$793,383.70
	646	Kentville	■ ● ▲	1,439,411.59	376,734.61	2,100,237.60	70,110.13	$3,986,493.93
	648	Kingston	■ ● ▲	1,291,905.82	381,329.27	1,766,362.51	51,726.43	$3,491,324.03
	665	Meteghan	■ ●	853,540.24	124,797.39	1,230,170.68	19,929.04	$2,228,437.35
	670	Middleton	■ ●	680,003.31	143,878.64	794,406.59	23,332.28	$1,641,620.82
	674	New Minas	■ ●	1,573,047.20	433,124.17	1,787,604.97	100,016.45	$3,893,792.79
	692	Weymouth	■ ●	472,512.29	85,604.97	584,752.45	10,580.62	$1,153,450.33
	695	Windsor	■ ●	1,714,774.83	262,458.91	2,018,655.81	61,972.75	$4,057,862.30
	698	Wolfville		742,790.76	249,468.22	1,017,218.17	38,838.42	$2,048,315.57
	TOTAL			**$12,690,004.09**	**$2,872,266.30**	**$15,710,069.02**	**$515,128.36**	**$31,787,467.77**
Region 7	705	Bridgewater	■ ● ▲	3,132,704.39	651,987.78	3,148,607.47	82,002.90	$7,015,302.54
South Shore	710	Caledonia		279,801.14	36,218.74	294,359.42	6,674.75	$617,054.25
	715	Chester	■ ●	1,032,770.25	266,617.53	971,558.50	29,528.74	$2,300,475.02
	725	Hubbards	■ ●	776,904.06	181,819.14	962,075.85	24,777.91	$1,947,576.96
	755	Liverpool	■ ●	1,615,835.28	272,984.55	1,336,948.88	30,459.01	$3,256,227.72
	760	Lockeport	●	300,768.38	45,667.86	263,085.91	12,648.22	$622,170.37
	765	Lunenburg	■ ●	1,528,282.42	227,457.51	908,525.14	36,234.08	$2,700,499.15
	770	Mahone Bay	■ ●	788,669.53	216,429.34	794,686.30	23,688.33	$1,823,473.50
	775	New Germany	■ ●	357,888.92	47,456.75	482,089.82	11,172.40	$898,607.89
	785	Shelburne	■ ●	1,592,391.98	205,750.45	1,514,649.71	50,321.71	$3,363,113.85
	790	West Pubnico	■ ●	715,678.25	65,165.73	585,103.97	12,261.67	$1,378,209.62
	798	Yarmouth	■ ● ▲	2,981,017.94	569,466.78	3,151,149.66	94,024.71	$6,795,659.09
	TOTAL			**$15,102,712.74**	**$2,789,022.16**	**$14,412,840.63**	**$413,794.43**	**$32,718,369.96**
	Total Store Sales			**$121,691,109.80**	**$30,788,842.80**	**$141,004,771.58**	**$4,185,779.72**	**$297,670,503.90**
	PRODUCER SALES							**$731,526.13**
	Grand Total Sales							**$298,402,030.03**

Self-Service Stores
Bottle Return Sections
Cold Beer
Inverness
Baddeck
Louisbourg
Port Hood
Amherst
Tatamagouche
River John
Pictou
Trenton
New Glasgow
Antigonish
Joggins
Oxford
Springhill
Westville
Stellarton
Pictou
Truro
Bible Hill
Kentville
Berwick
New Minas
Wolfville
Hantsport
Windsor
Middleton
Kingston
Bridgetown
Annapolis
New Germany
Mahone Bay
Digby
Bridgewater
Lunenburg
Meteghan
Caledonia
Liverpool
Lockeport
Shelburne
Stewiacke
Elmsdale
Sheet Harbour
Sherbrooke
Airport
Porters Lake
Hubbards
Chester
Halifax/Dartmouth
Guysborough
Port Hawkesbury
Halifax/Dartmouth Area
Sackville Town Centre
Bedford Place
Forest Hills
Westphal
Burnside
Dartmouth-Bridge Plaza
Agricola Street
Bayers Road
Canal Street
Rockingham Ridge
Halifax Shopping Centre
Spryfield
Sydney and Area
Sydney Mines
North Sydney
New Waterford
Whitney Pier
Ashby
Sydney
Sydney River
Glace Bay

Nova Scotia Liquor Commission